



THE CARIBBEAN ASSOCIATION OF  
INDUSTRY AND COMMERCE (INC.)  
The Caribbean Private Sector Organization

***“There will be no Globalization without the Strengthening of  
our Caribbean SME Sector”***

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Ladies and Gentlemen,

Even though the topic of this session is about Small & Medium Enterprises Development in the Caribbean, it is important to highlight few facts on our economic and social realities. These facts will help us identify the most adequate measures needed in our commitment to strengthen the SME sector.

The relatively young economies of our region have been experiencing substantial changes during the last two decades. These changes were somehow necessary and due to international circumstances that are most of the time beyond our control. The evident motto behind these circumstances is simply called Globalization.

In this world of globalization, the increasing international pressure under the recommendations and the guidelines of organizations such as the WTO, The IDB, the OECD and the European Union among others, could represent a real threat, if it is not carefully monitored and adapted to our social and economic realities. This threat is not only to the future of our local and regional economies, but also to the very future of our culture and our identity as a Caribbean Nation.

But Ladies and Gentlemen no impartial globalization can be achieved without the sustainability and the strengthening of the SME sector. We all agree that there is an urgent need to do so. During the last decade, the SME development in the region has



experienced an increasing attention and even became the favorite topic of our elected officials and decision makers.

It is a fact that, across the Caribbean, the SME sector has been lately identified as a priority area that needs further development and several scattered efforts are done or undertaken by many countries in the region, but the measured successes of these actions are different from one country to another. That is why it is important that the regional cooperation and exchange of knowledge and experiences has to be fostered at the same time than the education and the assistance to the local SME sector. Regardless the international pressures, these individual and collective efforts should be undertaken carefully taking in account our realities. We need to constantly keep in mind that no Foreign Direct Investment or Development fund could be beneficial if it is not blended in our economic and social heritage, with one common goal: Cherishing and Preserving the Caribbean Identity for the generations to come.

In the eighties, while the main activities of countries in the Caribbean were about agriculture, agro-processing and financial services. In that same period tourism started its development. The early stages of the tourism development were blended in our economies and our societies offering our natural resources and cultural heritage. This trend was meant to continue gradually and sturdily while other regions such as Europe, the Middle East and South East Asia started to attract tourism. Unfortunately, due to unforeseen internationally shaking events, the Far East became too far, the Middle East too hot and in Europe an increasing perception of hatred toward the northern Hemisphere was felt. This triggered a rapid come back to the Caribbean as a favorite destination.

I say unfortunately, because this come back or rather intensification of the existing tourism development has taken a new shift in the Caribbean, from the traditionally offered hospitality facilities such as hotels, restaurants and recreation activities, to becoming the



preferred destination for Condominium owners seeking a “Second Home” and for the Cruise Ship visitors spending few hours shopping and touring. This trend, besides having a big impact on our fragile infrastructures, also comes with big changes on our economies and the way business was traditionally done. As much as Tourism offers multiple opportunities for SME development, it also forces us to substantially depend on one main source of income, a source that could be easily influenced by multiple factors beyond our control. Especially when at the same time we are having the international pressure to enter the World of Globalization at the same pace then the Developed Countries. The threat to our local and regional SMEs is of such a disastrous nature that we have no other alternatives than urgently and diligently focus our attention on the sustainability of our local SMEs and help the creation of new ones.

What is being done so far for the sustainability and strengthening of the SME Sector by the different countries in the Caribbean is commendable and proven to be effective. Nevertheless, the task ahead of us still complex and requires additional effort in the diversity, creativity and the discipline. Due to the relatively high economic growth in the region, the establishment of the CSME, the Caribbean Single Market and Economy and the international pressure for Globalization, time is not in our side.

Based on the experience and expertise in the region, three areas need further capacity building through a common approach:

1. The strengthening of the SME Intermediaries and encouraging the establishment of new ones
2. Further enabling the business environment through supportive financial mechanisms



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3. Additional local and regional policies and incentives specifically tailored for the SMEs

▪ **The strengthening of the small business organizations**

This task is the most important one, provided that each country in the region has one or more organizations that exclusively cater to the SMEs. These intermediaries could differ according to the needs of each destination, either a global one representing the entire sectors, or several ones clustered per economic sector such as: in Agro-processing, in Craft, in Hospitality, in Services etc.

Once these SME Intermediaries are established and recognized by their respective authorities, they should be independent in the decision making. The three vital areas that have to be strengthened are:

**1. The delivery of Business Development Services BDS:**

The services the SME intermediaries have to deliver are summarized in three categories: Business Advice, Business Information and Business Trainings.

**A. Advisory Services to Small Businesses**

These services consist on:

- a. Oriented business support and advisory services that will enhance the business management skills of the SMEs
- b. Administrative and business planning support services
- c. Active marketing support provided



- d. Follow up support such as tax filing, accountant, legal and administrative advice available when needed
- e. Guidance in obtaining start up capital and funds injections

## **B. Promotion and Business Information**

The local SME sector will be adequately informed about prevailing business opportunities and the business environment on their respective markets. In addition local SME's will receive good business exposure through local, regional and international trade platforms.

- a. Advertisement billboards in the different Communities and one advertising per month in the local media
- b. Local and Regional SME search engine and local SME websites
- c. Various SME support publications widely distributed
- d. SME information workshops and seminars
- e. Regional SME trade shows/missions will be identified and will be attended by local entrepreneurs

## **C. Training Programs**

A minimum of 12 different but relevant business training modules/programs have been identified as vital for the effective entrepreneurship education of the target groups. These courses are:



<b>SME Training Courses</b>
Business Planning
Business Accounting
Marketing
Costing & Pricing in Business
Business Administration
Taxes and Payroll
Staff Management & Motivation
Time Management
Customer Service
Product Sourcing
Financial Management
Identifying Business Opportunities

All the courses that must be delivered by local or regional professionals should end with an exam and the delivery of a certificate.

The Regional Business Development Services, once identified should be widely available to all, through easy to access tools such as Websites, printing materials and accurate data of human resources in the different fields.

## **2. The Familiarization in the preparation of Funding Requests to Local and International Donors Agencies or “Partners”**

The executives and decision makers of these SME Intermediaries should be familiarized with the rules and regulations attached to all requests for funding. These rules often differ according to the source of funding such as Caribbean Development Funds, European Development Funds, Commonwealth or Inter-American Funds. They also differ according to the political configuration the recipient country is under: either it is an OCT, a UPT or an Independent State.



As I mentioned earlier, these SME Intermediaries should enjoy the full support of their respective Governments but have to be independent and foster direct communication with the “Partners” when it comes to the identification of the programs that need funding benchmarking for optimal results and accountability.

### **3. The lobbying role in support of the Local and Regional SME sector**

The strengthening of this third area is obviously different with regards to the expected results at the local level. Each SME Intermediary has to identify the best mechanism to achieve that. Where a common program is needed is when regional lobbying is concerned, mainly with organizations such as CARICOM, OECS or OAS. The Executives of these Intermediaries have to ensure regular and effective involvement in the regional initiatives taken for the betterment of the SMEs social and economic climate.

The second part that needs capacity building is:

- **The Business Enabling Environment**

This part consists mainly in providing all necessary financial support for the target group such as start-up capital, cash injections and incentives.

Once the SME Intermediaries are succeeding in efficiently educating the target group according to the guidelines set forth in their primary task, the local and regional financial institutions should not have any more difficulties in gradually stepping away from the “Stigma” of qualifying the SMEs as a “High Risk Market” and consider the SMEs as Business Opportunities.



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- **The Tailoring of regional Policies with Incentives to encourage the SME Sector**

This last part that needs attention is in the hands of the regional Organizations when it comes to the design and implementation of regional guidelines and policies under the Caribbean Single Market and Economy. The unconditional recognition of the importance of the SME sector should be translated in all regional policies, both the existing policies and the ones that are in the design phases.

### **Conclusion**

As you have noticed, the first area that needs capacity building is the essential part of my presentation today. Indeed the Strengthening of the SME Intermediaries is the key solution for the second and third part to follow. Well educated, trained and informed SME sector will automatically put pressure on the local Governments, on the regional Organizations, on the Donors Agencies and on the Financial Institutions to finally admit that the future of the Caribbean Economy depends on the strength of our SME sector.

Ladies and Gentlemen, I am honoured today to announce that the process has started and that the Caribbean Association of Industry and Commerce is embarked in several initiatives for the sustainability and the promotion of the Regional SME Sector.

When asked to join the Board of Directors of the CAIC in 2005, the only portfolio that came into my mind was SME Relations. Even though it was new, the board unanimously agreed on the need to establish one. Since then the CAIC has played an active role in SME development in the region. More specifically through the privileged position we have as the Representative of the Regional Private Sector within the CARICOM and the OECS.



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Several initiatives, in collaboration with international organizations and funding agencies, have been undertaken or are presently implemented such as:

- The regional ICT/SME training workshops funded by the Commonwealth
- The Pan-Caribbean HIV/AIDS Work Place Policy for SMEs supported by UNAIDS
- The participation in the annual Commonwealth-India Small Business Competitiveness Development Programme that takes place in India in the month of December, this year will be the third one
- The implementation of the Corporate & Social Responsibility among SMEs
- The latest initiative is the active role we are taking in the Task Force established to design a Regional SME Intermediaries Platform. This initiative was taken following the week long SME Conference of Curacao in September this year. The conference included a wide range of public and private sectors representatives from the region, and is supported by the European Development Funds EDF through OCTA the Overseas Countries and Territories Association.

In my case, being the Executive Director of the Sint Maarten Small Business Development Foundation SBDF, the SME development has been my activity for the last five years. SBDF has been involved in the design and the implementation several SME Programs.

Ladies and Gentlemen:

It is only the beginning; the task ahead still is of such complex nature that requires everybody's commitment and involvement. Let us all start by committing to pay attention to our SMEs in our daily thoughts and actions. Our very Future as a Caribbean Nation



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depends on how good we prepare our SME sector to face this World of Globalization.

***“There will be no Globalization without the Strengthening of our Caribbean SME Sector”***

I thank you.

*A. Ludwig Ouenniche*  
CAIC Secretary